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Attorneys for Creditor Public Utility District No. 1 of Douglas County, Washington

**UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF WASHINGTON**

In re:	}	No. 18-03197-FPC11
<b>GIGA WATT INC, a Washington corporation,</b>		<b>CHAPTER 11</b>
		<b>DECLARATION OF GARY</b>
Debtor.		<b>IVORY IN SUPPORT OF</b>
		<b>OBJECTION TO APPLICATION</b>
		<b>FOR EMPLOYMENT OF</b>
		<b>SPECIAL COUNSEL</b>

I, GARY IVORY, state as follows:

1. I am the General Manager of Public Utility District No. 1 of Douglas County, Washington (the "DC PUD"), am over the age of eighteen (18), have personal knowledge of the matters contained in this Declaration, and am competent to testify.

**DECLARATION OF GARY IVORY IN SUPPORT OF  
OBJECTION TO APPLICATION FOR EMPLOYMENT  
OF SPECIAL COUNSEL - 1**

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1           2.     Attached to this Declaration as Exhibit A is the Interconnection and  
2 Service Agreement for the Giga Watt Pangborn location, entered into March 7,  
3  
4 2017, between the DC PUD and Giga Watt, Inc. (the “Agreement”).

5           3.     The Agreement had two essential parts: (1) Giga Watt’s construction  
6 of required infrastructure, and (2) DC PUD’s provision of electrical service once  
7  
8 the required infrastructure was in place.

9           4.     The Agreement required Giga Watt to build an electrical substation on  
10 Lot 13 at the Pangborn Airport Business Park, which Giga Watt was to lease from  
11  
12 the Port of Douglas County. (Ex A, p1, Recital B; p3, §3.1.)

13           5.     The Agreement also required Giga Watt to provide power poles for  
14 delivery of power to the substation. (Ex A, p1, Recital C; p3, §3.1.)  
15

16           6.     The Agreement then set forth the terms under which the DC PUD  
17 would provide electric services to Giga Watt after the infrastructure had been  
18  
19 installed. (Ex. A, § 3.2 *et seq.*)

20           7.     The Agreement had no specified termination date, but provided for  
21 termination by either party upon twelve (12) months prior notice. (Ex. A, p12, §  
22  
23 20.)

24           8.     On October 12, 2018, the DC PUD gave Giga Watt written notice of  
25  
26 termination pursuant to Section 20.1 of the Agreement. A copy of that notice is

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1 attached to this Declaration as Exhibit B. Including three days for mailing of the  
2 letter, the Agreement was effectively terminated on October 15, 2019.  
3

4 9. As noted in the termination letter, there was a concern that Giga Watt  
5 may not be able to pay its bills as they became due. A variety of factors informed  
6 this analysis. For example, the DC PUD became aware that Giga Watt's CEO,  
7 Dave Carlson, had resigned in August of 2018 without notice or warning. In  
8 addition, Giga Watt had further reduced its staff. There were also construction  
9 delays at the Pangborn site, including delays on the construction of Giga Watt's  
10 substation. Giga Watt personnel shared these delays with DC PUD engineers.  
11

12  
13 10. In turn, Giga Watt employees communicated that the substation was  
14 creating financial issues for Giga Watt. Until completion of the substation and  
15 subsequent power delivery, this necessary component of Giga Watt's projected  
16 mining operation and revenue source was not available for funding.  
17

18  
19 11. During the term of the Agreement, the only power available to the  
20 Giga Watt Pangborn site was approximately a .75 MW load for temporary  
21 construction power and to power one pod which Giga Watt called the "Show Pod"  
22 and was apparently used to demonstrate Giga Watt's mining operation. All  
23 additional power required to serve Giga Watt's larger facility under the Agreement  
24 required Giga Watt's completion of the substation and related infrastructure.  
25  
26

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12. On November 1, 2018, about three weeks after the termination notice, DC PUD's concerns related to Giga Watt's financial condition were substantially confirmed when the Port of Douglas County, Giga Watt's landlord, filed an unlawful detainer action for breach of its lease at the Pangborn site. A copy of the complaint is attached to this Declaration as Exhibit C. Giga Watt filed for bankruptcy shortly thereafter.

13. The DC PUD estimates that completion of the substation and related infrastructure to service the Pangborn site will cost several million dollars and would likely take at least two years to complete.

I DECLARE UNDER PENALTY OF PERJURY THAT THE  
FOREGOING IS TRUE AND CORRECT.

Executed on January 16, 2020.

/s/ Gary Ivory  
GARY IVORY

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